

Message Text

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ORIGIN OPIC-12

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TREASURY LDASH

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R 022221Z AUG 74

FM SECSTATE WASHDC

TO AMEMBASSY TEHRAN

C O N F I D E N T I A L STATE 169234

E.O. 11652: ADS, DECLAS 12-31-80

TAGS: EFIN, IR, EINV

SUBJECT: FINANCING OF IRAN EXPORT REFINERY

REF: (A) TEHRAN 5790; (B) TEHRAN 5935

1. IN CONTACTS WITH OPIC, EXPORT REFINERY PROJECT NEGOTIATORS FOR TWO U.S. CONSORTIUM MEMBERS (CROWN AND CITIES) STATED THEY TOTALLY UNAWARE ANY STATEMENTS OR CONVERSATIONS PER PARA 4 REF A. THESE REPRESENTATIVES ATTEND ALL MEETINGS OF U.S. COMPANIES WITH NIOC AND ARE IN POSITION TO KNOW FULL DETAILS OF PROJECT NEGOTIATIONS BUT REPORT NO REPEAT NO ONE IN NIOC HAS BROACHED SUBJECT OF POSSIBLE USG GUARANTIES FOR PROJECT DEBT FINANCING WITH THEM OR TO THEIR KNOWLEDGE WITH OTHER U.S. COMPANIES. REPS STATE THEY NOW AWAITING NIOC PROPOSAL ON AMOUNT AND TERMS FOR
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POSSIBLE GOI FINANCING FOR U.S. SHARE OF REFINERY DEBT, BUT

NIOC DID NOT MENTION USG GUARANTIES AS PART OF GOI CONSIDERATION.

2. COMPANY REPS STATE NIOC AWARE THEIR DESIRE FOR OPIC POLITICAL RISK INSURANCE OF EQUITY INVESTMENT BUT SAY THIS NOT REPEAT NOT SOURCE OF POSSIBLE CONFUSION WITH SUBJECT OF REFTELS.

3. OPIC CURIOUS ABOUT MERIT OR REASON FOR USG GUARANTY FOR THIS PROJECT. IT IS PRESENTLY POSSIBLE TO ARRANGE OPIC ASSISTANCE OR GUARANTEES TO RECYCLE OPEC REVENUE TO POOR THIRD NATIONS THROUGH U.S. INTERMEDIARIES, BUT THIS SCHEME, WHICH INVOLVES USG GUARANTY OF COMMERCIAL RISK OF INVESTING GOI REVENUES IN DOMESTIC IRAN INDUSTRY, SEEMS OF DUBIOUS VALUE. THIS ESPECIALLY SO IN LIGHT ENTEKHABI STATEMENT PARA 5 REF A THAT REFINERIES WILL BE BUILT WITH OR WITHOUT FOREIGN PARTNERS.

4. FOR EMBASSY INFO, OPIC UNABLE OFFER GUARANTY ON ANY GOI LOAN TO PROJECT UNLESS FUNNELED THROUGH U.S.-OWNED FINANCIAL INSTITUTION, BUT THIS SEEMS NO MORE THAN LEGAL TECHNICALITY TO ALLOW DOING WHAT OTHERWISE OF QUESTIONABLE MERIT.

5. COMMENT: COULD ENTEKHABI SIMPLY BE TRYING TO SOUND OUT USG TO SEE WHAT SORT OF PROTECTION GOI CAN GET FOR A LOAN, PARTICULARLY IN VIEW TWO COMPANIES PULLING OUT OF GROUP ALREADY? ALTHOUGH OPIC UNAWARE REFINERY CRUDE SUPPLY PRICING ARRANGEMENTS, COULD NIOC BE NERVOUS ABOUT U.S. SMALL PARTNERS' ABILITY TO MARKET FULL OUTPUT AT PRICES WHICH MAY AT SOME TIME IN FUTURE BE ABOVE U.S. MARKET PUMP PRICE RESULTING IN DESIRE TO REDUCE REFINERY OUTPUT? KISSINGER

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